

Pai's Arguments Against net neutrality

Trump's newly appointed FCC Chairman Ajit Pai wants to reset the clock back to 2005 and again declare ISPs information services. We have a rich history of net neutrality in the United States, dating back to the 1860 Telegraph Act. The current FCC wants to throw that away on poor reasoning and bad data.

Pai's Skewed View of History

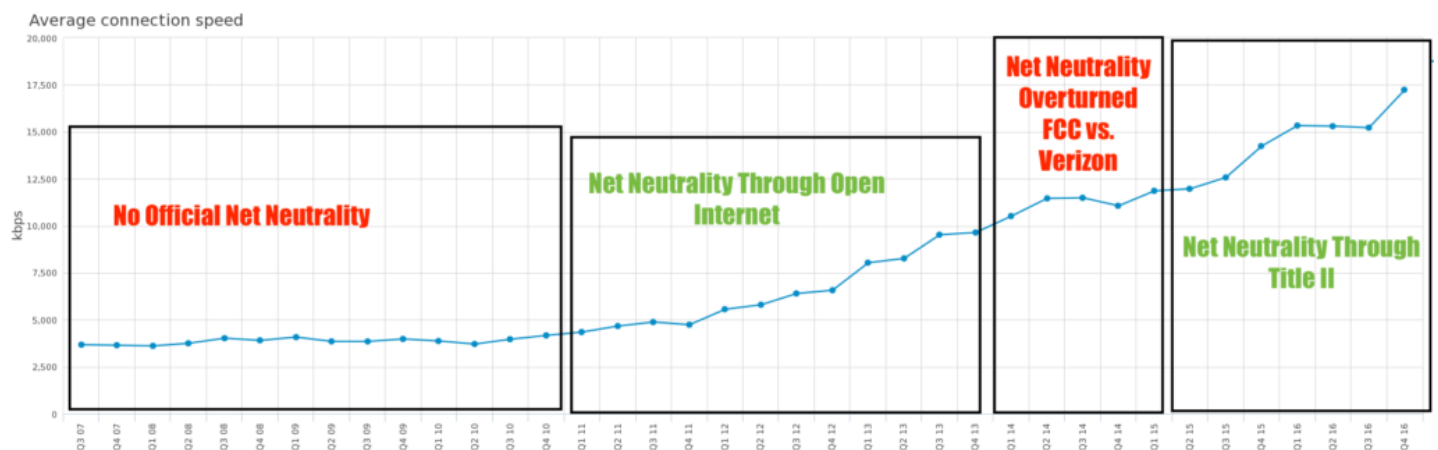
Before we look at his reasons for overturning net neutrality, let's examine how he views this history. Looking at a [fact sheet](#) Pai recently released on the issue he states, "In 1996, President Clinton and a Republican Congress passed the Telecommunications Act of 1996 . . . This bipartisan approach was tremendously successful. The private sector invested about \$1.5 trillion, connecting hundreds of millions of Americans."

I agree that there has been undeniable innovation when it comes to the internet. However, Pai doesn't recognize that before and after the 1996 Telecommunications Act, the entire internet was classified as a Title II common carrier and adhered to the rules of net neutrality.

According to the [FCC's own documentation](#) in 1997 100% of internet users were using a Title II designated ISP. In 2000, only 6% of internet users are using cable internet, which did not fall under net neutrality. In fact a majority of internet users were not using cable internet when FCC removed the Title II designation from all ISPs in 2005. The massive surge of internet usage happened under a Title II regulated internet.

Bandwidth Increases Under Net Neutrality

To see how the internet performs under a net neutrality regulated internet, one only needs to examine data from Akamai. Akamai started studying the actual internet speed of every country in the world in 2007. Below is a chart using their data.



Pai loves to claim that net neutrality and Title II have killed innovation and infrastructure development. However the data tells a different story. As history shows, ISPs weren't fully considered an information service until the end of 2005. Internet speeds then were averaging just above 3 Mbps. Akamai shows that in the middle of 2007 the U.S was averaging about 3.7 Mbps.

The FCC officially adopted open internet rules to enforce net neutrality at the end of 2010. At the time U.S. internet users were being supplied with only 4.2 Mbps. Speeds nearly flatlined when ISPs were not under net neutrality regulations. However, under net neutrality, speeds more than doubled to nearly 10 Mbps by the end of 2013.

However, the Courts ruled against the FCC's ability to enforce their Open Internet regulations over information services (non Title II). With no net neutrality rules in place, America's internet went from 10.5 Mbps to only 11.8 Mbps.

Since Wheeler's FCC designated ISPs as Title 2, average internet speeds in the U.S. hit a 17.8 Mbps by the end of 2016. There is nothing in the bandwidth speed data that shows net neutrality hurts innovation. In fact, its quite the opposite. It helps.

Why Pai's Plan is Bad for Bandwidth

This is likely to due to anti-competitive behavior on the ISPs part when they aren't being regulated. When ISPs have unlimited power over the communications infrastructure, they begin to hamper innovation by blocking and throttling applications, websites and content that threatens their subsidiaries. There is [plenty of evidence](#) to show this.

When companies that deliver content, applications, and information aren't hampered by bad ISP behavior, they innovate. Demand is created for these innovations and services. That demand for services then creates demand for bandwidth. ISPs in turn innovate to keep up with that demand.

Investment Hasn't Declined Under Title II

Pai's Claim the the Title II classification hurt investment is [demonstratively false](#). That can be inferred from the internet speed data above. However, there are plenty of hard numbers to disprove Pai's intellectual dishonesty. Here are the facts:

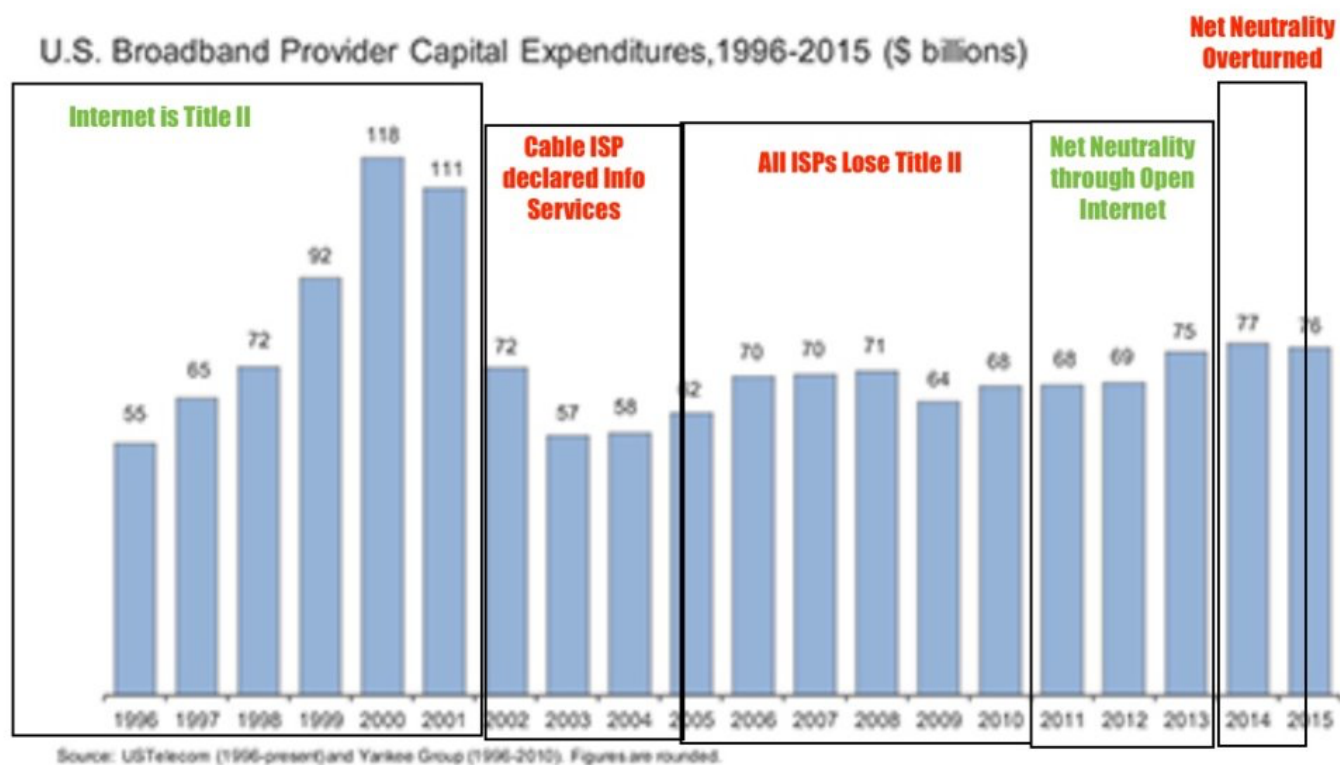
- Comcast — the nation's largest broadband provider — noted that in 2016 year over year "capital expenditures increased 7.5% to \$9.1 billion." 7.6 billion of that went to their communications division. That's a 7.9% increase over the previous year
- The Merger of Charter and Time Warner cable saw increased investment over the total of both pre merged companies pre-net neutrality years.

- Verizon has been losing broadband customers for years, but their most recent capital expenditures have brought them even with their pre net neutrality investment. There has been no massive decline.

Pai also claimed that infrastructure spending was shelved. This is likely due to a recent Divestment made by AT&T in 2015-2016. However, that was [planned](#) prior to the FCC declaring ISPs as a Title II entity. Pai consistently attempts to mislead the public using cherrypicked data from folks like Hal Singer, a [paid intellectual](#) for telecom lobbyists.

Hal Singer's entire decrease hinges on AT&T. Removing the divestment that was planned prior to the Title II classification and investment is flat in his data. However, [his numbers](#), vary greatly from what's [reported by U.S. Telecom](#) for broadband investment. He claims 12 billion dollars less investment in 2014 and 14 billion dollars less investment in 2015.

That would more than make up for his "investment decline." Why did he even play with the capital expenditures numbers in the first place? Perhaps, it was the only way he can show Title II is bad for investment. The actual numbers tell a different story.



It looks like un-tampered data shows a massive investment spike under under Title II regulated ISPs from 96-2002. In 2002 the first crack in Net Neutrality occurs declaring cable modems information services. Then, there is a massive decline in capital expenditures. There is a slight recovery in 2005. However, at the end of 2005, all ISPs were classified as information services and investment went flat.

There was a slight uptick in investment during the open internet rules between 2011 and 2013. However, those were overturned as the Court ruled that the FCC can't enforce open internet rules on non-Title II information services. This is precisely why ISPs had to be reclassified as Title II, which was their original designation during massive infrastructure investment.

Jobs Did Not Decrease Under Title II

The numbers show that Ajit Pai is misleading the public when it comes to decreased infrastructure spending and innovation in regard to ISPs being classified as Title II common carrier. However, he recently claimed "Thousands of good-paying jobs were lost due to lower infrastructure investment"

Well, let's look at the annual [10-K SEC filings](#) of Comcast, the largest ISP in the U.S. Here are the number of jobs at year end in their communications division (excludes NBC Universal.)

- End of 2012 – 83,000
- End of 2013 – 83,000
- End of 2014 – 84,000
- End of 2015 – 88,000
- End of 2016 – 91,000

ISPs received their Title II designation in 2014. Looks like it started a hiring boom at Comcast. A skeptic may look at this and think; "Sure, but that's just one company."

Yes, but Comcast owns about one third of all Internet connections in the U.S. and more than [half of all broadband over 25 Mbps](#). However, if you look at AT&T, the largest Telecom ISP, you will see a growth of 25,000 jobs from 2014 – 2016. In the 2 years prior to being designated Title II, only 2000 jobs were created.

I admit, it's easy to cherry pick statistics to try and prove a point. However, the evidence is staggering that ISPs have not suffered job loss from net neutrality. The internet fuels today's IT sector, and the facts are [more than half of the most in demand jobs](#) are in information technology.

Privacy

Pai's most egregious twisting of reality comes in the form of claiming the following:

Americans' online privacy was weakened because Title II completely stripped the FTC of its authority over broadband providers' privacy and data security practices.

This is a staggering lie. Wheelers FCC was well aware of the FTC's gap in privacy enforcement over ISPs. The FTC admitted this themselves in official documents. Are Technica [reported](#):

The FTC's privacy protection authority already stems from promises made by companies. "When companies tell consumers they will safeguard their personal information, the FTC can and does take law enforcement action to make sure that companies live up these promises," the FTC says. But even in the privacy area, the FTC is limited by its own authority. "The FTC has repeatedly called for Congress to pass additional laws to strengthen the privacy and security protections provided by all companies," FTC staff said last year.

When the FCC classified ISPs as Title II in 2015, the FCC crafted a more thorough privacy framework for ISPs. Republicans in congress then created the enforcement gap by repealing the [repealing the privacy framework prior to implementation](#). Furthermore, if Ajit Pai cared about your privacy, he would have [voted for it when he had the chance](#).

Instead, Chairman Pai thinks it's unfair for the FCC to regulate a a company that's industry is communications when media companies have more lax privacy rules at the FTC. If you want to know the myriad of reasons this is just a shell game to completely deregulate ISPs, check out [The Truth about your Online Privacy](#).

The Internet is a tool of the people the means of transmission should remain classified as Title II and regulated under the 2015 FCC Open Internet Rules. Chairman Pai's reasoning for the current NPRM attached to proceeding 17-108 is both arbitrary and capricious.